

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:
NUTRITION 21, INC., *et al.*,¹

Debtors

Chapter 11

Case No. 11-23712 (RDD)
Jointly Administered

**NOTICE OF AUCTION, BIDDING PROCEDURES AND SALE ORDER
HEARING IN CONNECTION WITH SALE OF ALL OR SUBSTANTIALLY
ALL ASSETS OF NUTRITION 21, INC. AND NUTRITION 21, LLC**

PLEASE TAKE NOTICE THAT on August 31, 2011, Nutrition 21, Inc., together with its affiliated debtors and debtors in possession (collectively, the “*Debtors*”) in the above-captioned chapter 11 cases (the “*Chapter 11 Cases*”) under chapter 11 of the United States Bankruptcy Code 11 U.S.C. §§ 101 – 1532 (the “*Bankruptcy Code*”), filed a motion [Docket No.18] (the “*Motion*”)² with the United States Bankruptcy Court for the Southern District of New York (the “*Court*”) for an order pursuant to sections 105, 363, and 364 of the Bankruptcy Code and Rules 2002, 6004, 6006, 9007, and 9014 of the Federal Rules of Bankruptcy Procedure: (A) approving the form of the bidding procedures (the “*Bidding Procedures*”) to govern the sale (the “*Sale*”) by Nutrition 21, Inc. and Nutrition 21, LLC (together “*N21*”) of all or substantially all of its assets (the “*Purchased Assets*”) free and clear of all liens, claims, encumbrances, and interests of any kind to the purchaser, (B) scheduling the date and time to hold an auction (the “*Auction*”) to implement the Sale, (C) scheduling the date and time for a hearing (the “*Sale Order Hearing*”) to consider (1) approval of the Sale and (2) the assumption by N21 and the assignment by N21 to the Purchaser of some or all of N21’s executory contracts and unexpired leases (such executory contracts and unexpired leases, collectively, the “*Assumed Agreements*”), and (D) approving related relief.

PLEASE TAKE FURTHER NOTICE THAT on September 22, 2011, the Court entered an order [Docket No. 34] (the “*Procedures Order*”) approving the form of the Bidding Procedures and setting certain dates and deadlines relating to the Auction, the Sale, and the Sale Order Hearing, as summarized below.

PLEASE TAKE FURTHER NOTICE THAT pursuant to the Procedures Order, if the Debtors receive a Qualified Bid by the Bid Deadline, the Debtors shall conduct the Auction on November 1, 2011 commencing at 10:00 a.m. (prevailing Eastern Time) at the offices of Richards Kibbe & Orbe LLP, One World Financial Center, New York, New York, 10281, or at

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number are: Nutrition 21, Inc. (3613), Nutrition 21, LLC (4596), Iceland Health, LLC (2140) and, Heart’s Content, Inc. (5396). The location of Debtors’ corporate headquarters is 4 Manhattanville Road, Purchase, New York, 10577.

² All capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed to them in the Motion.

such later date and time and at such alternative location as the Debtors may determine or the Bankruptcy Court may direct. If the Debtors do not receive at least one Qualified Bid by the Bid Deadline, the Debtors will not conduct the Auction.

PLEASE TAKE FURTHER NOTICE THAT the “**Bid Deadline**” is October 28, 2011, at 4:00 p.m. (prevailing Eastern Time). A potential bidder that desires to make a bid for the Purchased Assets, or any portion thereof, is required under the Procedures Order to deliver a written copy of all bid materials to BDO Capital 100 Park Avenue, 10th Floor, New York, New York, 10017, Attn: Jeffrey R. Manning no later than the Bid Deadline. Any person or entity that does not submit a bid by the Bid Deadline (as may be extended pursuant to the Bidding Procedures) shall not be permitted to participate in the Auction.

PLEASE TAKE FURTHER NOTICE THAT the Debtors will seek approval of the Motion and the Sale of the Purchased Assets to the Successful Bidder at a hearing (the “**Sale Order Hearing**”). The Sale Order Hearing is scheduled to be held before the Honorable Robert D. Drain, United States Bankruptcy Court, 300 Quarropas Street, White Plains, New York, 10601, at 10:00 a.m. (prevailing Eastern Time) on November 3, 2011. The Sale Order Hearing may be adjourned or rescheduled by N21, from time to time, without notice to creditors or parties in interest other than by an announcement of the adjourned date at the Sale Order Hearing or on the Court’s calendar on the date scheduled for the Sale Order Hearing.

PLEASE TAKE FURTHER NOTICE THAT responses or objections, if any, to the Sale must be in writing, conform to the Bankruptcy Rules and the Local Rules of the Bankruptcy Court, set forth the name of the objecting party, the nature and amount of any claims or interests held or asserted against N21’s estates or property, the basis for the objection and the specific grounds therefore, and be filed with the Bankruptcy Court and served upon the following parties (collectively, the “**Objection Notice Parties**”): (a) the Debtors, 4 Manhattanville Road, Purchase, New York, 10577, Attn.: Benjamin Sporn, Esq.; (b) Proposed Counsel to the Debtors, Richards Kibbe & Orbe LLP, One World Financial Center, New York, New York, 10281, Attn.: Michael Friedman, Attn.: Keith N. Sambur; and (c) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York, 10004, Attn.: Susan Golden, Esq., so as actually to be received no later than 4:00 p.m. (prevailing Eastern Time) on October 28, 2011 (the “**Sale Objection Deadline**”). The failure of any party in interest to file and serve its objection or response to the Sale by the Sale Objection Deadline in accordance with the provisions of this paragraph shall be a bar to the assertion, at the Sale Order Hearing or thereafter, of any objection to the Motion, the Sale or N21’s consummation and performance of the transaction(s) contemplated thereby.

PLEASE TAKE FURTHER NOTICE THAT the Debtors shall file and serve by first-class mail, within five (5) days of entry of this Procedures Order, and otherwise in accordance with the applicable Bankruptcy Rules, a notice (the “**Cure Amount Notice**”) to all the non-debtor parties to any potential Assumed Agreements (as the term is defined the in Sale Agreement) that (a) identifies for each Assumed Agreement the title and the date of, and the parties to, such Assumed Agreement and (b) sets forth the dollar amount (the “**Proposed Cure Amount**”), if any, that the Debtors contend is necessary to be paid in order to cure all defaults, if any, under such Assumed Agreements. The Debtors reserve their right to (i) withdraw the request to assume and assign any potential Assumed Agreement and (ii) add additional contracts

to the extent omitted in the Cure Amount Notice, upon proper notice to such counter-party thereto.

PLEASE TAKE FURTHER NOTICE THAT responses or objections, if any, to the Cure Amount Notice or the N21's ability to assume and assign the Assumed Agreement to the Successful Bidder must be in writing, conform to the Bankruptcy Rules and the Local Rules of the Bankruptcy Court, set forth the name of the objecting party, the nature and amount of any claims or interests held or asserted against N21's estates or property, the basis for the objection and the specific grounds therefore, and be filed with the Bankruptcy Court and served upon Objection Notice Parties, so as actually to be received no later than 4:00 p.m. (prevailing Eastern Time) on October 28, 2011 (the "***Cure Objection Deadline***"); provided, however, that objections to any proposed adequate assurance of future performance by the Successful Bidder (an "***Adequate Assurance Objection***") may be made orally at the Sale Hearing.. The failure of any party in interest to file and serve its objection or response (other than an Adequate Assurance Objection) to the Cure Amount Notice or the N21's ability to assume and assign the Assumed Agreement to the Successful Bidder by the Cure Objection Deadline in accordance with the provisions of this paragraph shall be a bar to the assertion, at the Sale Order Hearing or thereafter, of any objection to the Cure Amount Notice, the Motion, the Sale, or N21's consummation and performance of the transaction(s) contemplated thereby.

PLEASE TAKE FURTHER NOTICE THAT any person or entity wishing to submit a bid for the Purchased Assets, or object or otherwise respond to the Motion is urged to review the Bidding Procedures, the Procedures Order, and the Motion. Copies of the Motion and the exhibits thereto, including the Sale Agreement and the Procedures Order (including the Bidding Procedures attached as Exhibit A to the Motion) may be (a) reviewed during regular Court hours at the United States Bankruptcy Court, 300 Quarropas Street, White Plains, New York, 10601, (b) reviewed electronically on www.nysb.uscourts.gov, the official website for the Court, or (c) procured upon written request to counsel for the Debtors, Richards Kibbe & Orbe LLP, One World Financial Center, New York, New York, 10281, Attention: Michael Friedman and Keith N. Sambur.

Dated: September 23, 2011
New York, New York

/s/ Michael Friedman
Michael Friedman
Keith N. Sambur
Richards Kibbe & Orbe LLP
One World Financial Center
New York, New York 10281
Telephone: (212) 530-1800
Facsimile: (212) 530-1801

Counsel to the Debtors and Debtors in Possession